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THE PAST DECADE OF THE FOREIGN COMMERCE OF THE UNITED STATES

The value of the foreign commerce of the United States grew during the past decade (from the fiscal year ending June 30, 1910, to the fiscal year ending June 30, 1919) as follows:

Year	Exports	Imports	Total exports and imports	Excess of exports over imports
1910	\$1,744,984,720	\$1,556,947,430	\$3,301,932,150	\$188,037,290
1911	2,049,320,199	1,527,226,105	3,576,546,304	522,094,094
1912	2,204,322,409	1,653,264,934	3,857,587,343	551,057,475
1913	2,465,884,149	1,813,008,234	4,278,892,383	652,875,915
1914	2,364,579,148	1,893,925,657	4,258,504,805	470,653,491
1915	2,768,589,340	1,674,169,740	4,442,759,080	1,094,419,600
1916	4,333,482,885	2,197,883,510	6,531,366,395	2,135,599,375
1917	6,290,048,394	2,659,355,185	8,949,403,579	3,630,693,209
1918	5,919,711,371	2,945,655,403	8,865,366,774	2,974,055,968
1919	7,225,084,257	3,095,876,582	10,320,960,839	4,129,207,675

The decade may be conveniently divided into two periods: the one, from 1910 to 1914, preceding the Great War, during which the exports rose 33 per cent and the imports 18 per cent; and the other from 1914 to 1919 when the rise in the value of exports was 205.6 per cent, and of imports 63.4 per cent. This phenomenal growth of our foreign trade, which became particularly pronounced after the second year of the war, attracted widespread attention. It is generally known that at about the same time commodity prices began their rapid advance, yet in many of the discussions of our exports and imports this fact is either overlooked or touched upon very lightly and does not play a prominent rôle in the conclusions reached.

Even before the war, because of rising prices, statistics of "values" were not giving a true record of trade movements; since the great conflict they have been entirely misleading, and a careful analysis of value figures is necessary in order to make it possible to pass judgment as to how much of the increased value in our country's foreign trade represents an actual physical increase or a change in the character of commodities moved, and how much of it is due to price inflation.

According to the index numbers¹ of the United States Bureau of

¹ *Monthly Labor Review*, Dec., 1919, p. 196.

Labor the general level of wholesale prices rose in this country as follows (calendar and not fiscal years):

(1913 = 100)	
1900.....80	1914....100
1909.....97	1915....101
1910.....99	1916....124
1911.....95	1917....176
1912....101	1918....196
1913....100	1919 (to June 30)....203

The index numbers of the *Annalist* show an increase from 71 in 1900 to 98 in 1910, 104 in 1914, 205 in 1918, and 218 during the first six months of 1919; according to *Bradstreet's*, prices rose from 86 in 1900, to 98 in 1910, 97 in 1914, and 192 in 1919 (six months). Prices in Great Britain advanced to even greater heights. As a large part of our exports went to that country and to France and Italy, where the rise in prices was even greater than in the United Kingdom, a table of index prices prepared by the *Economist* is of vital interest; this journal considers leading commodity groups, each group and the combined figure being reduced to a percentage of the level existing at the outbreak of the war.² The rise in prices was as follows:

End of	Cereals & meats	Other food	Tex- tiles	Miner- als	Miscel- laneous	Total
July, 1914	100	100	100	100	100	100
June, 1915	141	122	90	135	141	127
June, 1916	172	148	129	193	183	164
June, 1917	248	185	235	182	230	220
June, 1918	220	220	294	186	250	238
June, 1919	231	227	284	202	247	241
Dec., 1919	249	250	396	247	263	287

The *Economist's* general index number for all commodities in 1910 was 90.

It is extremely difficult to obtain an exact index of the rise in the price of all the goods exported and imported and one must necessarily resort to an approximation. Mr. MacFarlane³ assumes that probably 70 per cent of our increased commerce between 1914 and 1919 was due to higher prices and 30 per cent to increased quantity. This assumption finds its corroboration in a careful analysis of our exports made by Mr. Berridge and pub-

² *The Economist*, Jan. 10, 1920, p. 54.

³ J. J. MacFarlane, "America's Remarkable Trade Record in 1919," *Commercial America*, Oct., 1919, p. 33.

lished by the Harvard University Committee on Economic Research, in the *Review of Economic Statistics*, for October, 1919. An estimate was made of the relative physical volume of our exports for 1915-1919 on the basis of one hundred commodities for which both quantities and values are given in official statistics. The commodities selected contributed about two thirds of the total value of exports, a sufficiently large proportion to make the estimate fairly reliable. As Mr. Berridge states, it is impossible to find a ratio of physical increase for each commodity because official returns do not give quantities for each article, and were this possible it would hardly have been practical. The labor involved would have been too great and not at all commensurate with the advantages to be derived.

It is not necessary to enter here into a discussion of the methods of adjustment used by Mr. Berridge. Taking averages for fiscal years (1911-1914 = 100), he arrived at the following adjusted indices of quantities for all domestic exports.

1915.....	122
1916.....	157
1917.....	171
1918.....	125
1919.....	140

The view that in a period like the one under discussion value statistics do not indicate the quantity of goods moved is substantiated by figures showing the net tonnage of American and foreign sailing and steam vessels which entered at and cleared from all ports of the United States from and to foreign countries.

Year	Entered	Cleared
1910	40,235,806	39,705,858
1911	42,674,989	42,437,147
1912	46,158,071	46,416,912
1913	50,639,173	51,151,959
1914	53,388,577	53,183,409
1915	46,710,466	46,885,088
1916	51,549,897	52,423,008
1917	50,472,176	52,077,070
1918	45,456,037	46,013,982
1919	44,953,617	47,922,730

One must admit that these statistics are not altogether conclusive as they show merely the carrying capacity of the ships which cleared and entered our ports ("net ton" equaling 100 cubic feet). They do not reveal what was the amount of cargo which the vessels actually carried from and into the country.

According to the estimates made by the United States Shipping Board and by Mr. Berridge the quantity of exports in long tons for each of the fiscal years 1911-1919 was:⁴

(Millions)	(Millions)
1911....45	1916....79
1912....49	1917....86
1913....54	1918....63
1914....52	1919....72
1915....61	

This would indicate that the physical increase in our exports between 1911 and 1919 was about 42.3 per cent. It is hardly necessary to point out that in discussing the relation between the value and the volume of trade one must consider besides changes in price also changes in the character of commodities moved; some of the growth in the value of our commerce is undoubtedly due to a much more rapid increase in our exports of manufactured commodities as compared with the exports of raw materials and half-finished goods.

Considered by groups and measured in value, the following changes took place in the nature of the commodities exported from 1910 to 1919. There was a slight increase in the value of food exports in the first five years of the period; however, the increase was not sufficiently large to counteract the drop in exports, which occurred between 1900 and 1910, when, in spite of rising prices, the value of food products shipped out of the country declined from \$545,474,000 in 1900 to \$336,088,000 in 1910; the decline relative to the value of all exports was from 39.8 per cent to 21.5 per cent. The total for 1914 was \$430,297,000, or 18.5 per cent of all exports for that year. The extraordinary rise in the amount of food exports during and after the war coupled with a sharp advance in prices brought up the export value figure for 1919 to \$2,504,895,000 or 35 per cent of the total.

The exports of crude materials for use in manufacturing advanced from \$325,244,000 or 23.73 per cent of the total export trade in 1900 to \$565,935,000 or 33 per cent in 1910. This relative position was held by the group of crude materials during the next four years, the exports having risen to \$792,745,000 in 1914. The value in 1919 was \$1,215,961,000 which, in view of the fact that prices more than doubled during this period, was a purely nominal increase giving raw materials only 17 per cent of the total value of exports.

⁴ *The Review of Economic Statistics*, Oct., 1919, p. 312.

The most significant changes took place in the export of manufactures (those for further use in manufacturing and ready for consumption). In 1900 these exports were valued at \$484,846,000 or 35.38 per cent of the total; in 1910, \$766,981,000 or 44.85 per cent; in 1914, \$1,099,632,000 or 47.17 per cent. The growth in the exports during the next five years placed the value at \$3,337,676,000 or 46 per cent of the total. The relative changes in the quantities of domestic exports by groups were, according to the findings of Mr. Berridge,⁵ as follows:

Year	A	B	C	D	E
1915.....	91	302	136	98	108
1916.....	73	232	174	130	212
1917.....	72	216	165	170	262
1918.....	58	122	183	140	172
1919.....	67	231	251	117	174

Group A consists of crude materials for use in manufacturing; group B, of foodstuffs in crude condition and food animals; group C, of foodstuffs partly or wholly manufactured; group D, of manufactures for further use in manufacturing; and group E, of manufactures ready for consumption. There was a decline in groups A and B and an increase in the three other groups, the growth being particularly pronounced in the case of manufactures ready for consumption.

The decline in the exports in 1918 as compared with the preceding year is attributed by Mr. Berridge to the diversion of manpower from productive industry after the United States entered the war and especially to the shortage of shipping. This view is not shared by Mr. Austin,⁶ who is of the opinion that the falling off was only an apparent one, and that it was due to the fact that in 1918 more than in any of the preceding years goods were shipped on vessels under government control. According to the custom of the governments of most countries, including that of the United States, goods moved in this way are omitted from the records of the customs houses. The decline occurred in the movements to Europe, and as Mr. Austin points out, it is strange that it should have taken place at a time when Great Britain, France, and Italy were making a most insistent demand for our goods both to support their armies in the field and to feed and clothe their

⁵ *The Review of Economic Statistics*, Oct., 1919, p. 312.

⁶ O. P. Austin, "Our Unrecorded Exports," *The Americas*, Nov., 1918.

people at home. If diversion of man-power and ship shortage were responsible for the decline, it is not likely that we would have increased the value of our exports to all the other continents while reducing that to Europe. Our exports to North America rose from \$1,163,758,000 in 1917 to \$1,236,359,000 in 1918; to South America, during the same period, from \$259,480,000 to \$314,559,000; to Asia, other than Siberia, from \$250,044,000 to \$412,710,000; to Oceania from \$109,314,000 to \$134,891,000; to Africa from \$52,733,000 to \$54,299,000. Exports to Europe and Siberia declined from \$4,454,719,000 to \$3,766,893,000. The view that considerable quantities of merchandise must have passed to the Allies in 1918 without having been included in the official records is substantiated by the fact that according to statistics of exports the purchases of the Allies in this country in 1918 fell \$1,238,000,000 below the amount of the loans which our government made to them for that purpose.

In order to show the misleading character of value statistics as indicators of the changes in the quantity of some of our leading exports and imports, the writer adopted the plan of dividing the total value of the commodity exported or imported in 1910 by the amount of its exports in that year. The resultant number was taken as the basic unit value and the amount of each article exported or imported during the succeeding years was multiplied by this number. The figures arrived at by this method compared with recorded official figures show clearly the effect of price inflation.

This method is doubtless not without flaws. Changes in the quality of articles shipped would necessarily affect the total value of exports and imports even without a rise or a decline in prices. Thus it is possible that in 1910 a larger proportion of poorer grade shoes were sold in foreign markets than in 1919. However, errors due to this cause are not likely to have been sufficiently great to have invalidated the general conclusions reached.

The fluctuations in the exports of raw cotton since 1910 are shown on the following page.

There was a rapid rise in the quantity of cotton exported between 1910 and 1912, the shipments having advanced from 3,195,247,000 pounds to 5,524,432,000 pounds. The exports fell about one million pounds a year during the two succeeding years; a marked decline set in in 1916 and continued through the duration of the war and the armistice period. The rise in the value of ex-

EXPORTS OF UNMANUFACTURED COTTON

Year	Quantity (pounds)	Value at current prices	Value at 1910 prices
1910.....	3,195,247,949	\$447,170,802	\$447,170,802
1911.....	4,025,726,068	582,972,302	599,896,102
1912.....	5,524,432,391	563,389,141	767,896,102
1913.....	4,557,883,205	546,278,921	633,545,765
1914.....	5,753,520,083	608,855,454	660,739,292
1915.....	4,288,295,926	372,068,490	596,073,124
1916.....	2,956,810,277	364,610,378	410,996,629
1917.....	2,850,162,770	518,505,147	396,172,625
1918.....	2,226,556,494	653,731,647	309,491,353
1919.....	2,689,783,753	856,524,391	373,779,942

ports was from \$447,170,000 in 1910 to \$856,524,000 in 1919; at 1910 prices the value in 1919 would have been only \$373,780,000, the rise in prices accounting for 56.3 per cent of the 1919 total.

The exports of unmanufactured tobacco amounted in 1909-1910 in quantity to 353,372,000 pounds; in value to \$38,017,000. The following changes took place during the next nine years:

EXPORTS OF UNMANUFACTURED LEAF TOBACCO

Year	Quantity (pounds)	Value at current prices	Value at 1910 prices
1910.....	353,372,672	\$38,017,260	\$38,017,260
1911.....	351,568,138	39,159,708	37,969,344
1912.....	375,373,131	43,146,013	40,540,284
1913.....	414,160,356	40,202,456	44,729,280
1914.....	446,944,435	53,903,336	48,269,952
1915.....	347,997,296	59,014,852	37,583,676
1916.....	436,466,512	53,014,852	47,138,436
1917.....	406,431,021	59,788,154	43,894,548
1918.....	288,781,511	69,674,731	31,199,456
1919.....	625,304,513	189,896,797	67,532,940

The rise in the price of tobacco from about 10.8 cents in 1910 to over 30 cents in 1919 accounts for the greater part of the 1919 value.

The changes in the quantity and in the value of exports of wheat are shown on page 320.

A fall both in the quantity and in the value of wheat exports took place during 1911 and 1912; this was followed by an advance during the two succeeding years. In the first year of the war the exports rose from 92,394,000 bushels in 1914 to 259,643,000 in 1915; in 1918 the low figure of 34,119,000 bushels was reached,

EXPORTS OF WHEAT

Year	Quantity (pounds)	Value at current prices	Value at 1910 prices
1910.....	46,679,876	\$47,806,598	\$47,806,589
1911.....	23,729,302	22,040,273	24,298,805
1912.....	30,160,212	28,477,584	30,884,057
1913.....	91,602,974	89,036,428	93,801,445
1914.....	92,393,775	87,953,456	94,611,226
1915.....	259,642,533	333,552,226	265,872,954
1916.....	173,274,015	215,532,681	177,432,591
1917.....	149,831,427	298,179,705	153,417,381
1918.....	34,118,853	80,802,542	34,937,705
1919.....	178,582,673	424,543,010	182,868,657

an amount over 12,500,000 bushels smaller than that of 1910. The exports in 1919 were 178,583,000 bushels, valued at \$424,543,000; \$241,674,000 or 56.9 per cent of this value was due to price inflation.

EXPORTS OF WHEAT FLOUR

Year	Quantity barrels	Value at current prices	Value at 1910 prices
1910.....	9,040,987	\$47,621,467	\$47,621,467
1911.....	10,129,435	49,386,946	53,351,734
1912.....	11,006,487	50,999,797	57,971,167
1913.....	11,394,805	53,171,537	60,016,438
1914.....	11,821,461	54,454,175	62,263,635
1915.....	15,182,765	94,869,343	85,234,633
1916.....	15,520,669	87,337,805	81,747,364
1917.....	11,942,778	93,198,474	62,902,612
1918.....	21,879,951	244,861,140	124,059,322
1919.....	24,190,092	268,062,907	127,389,215

The exports of wheat flour rose from \$47,621,000 in 1910 to \$268,063,000 in 1919; at 1910 prices the value would have been \$127,389,000; 52.6 per cent of the 1919 recorded value being due to price inflation.

The exports of hams rose from 146,885,000 pounds in 1910 to 667,848,000 pounds in 1919; the rise in value was from \$17,837,000 in 1910 to \$204,668,000 in 1919; at 1910 prices the increase would have been to \$69,055,000 or 67.2 per cent less than the 1919 total.

The exports of bacon were slowly rising during the first five years, both in quantity and in value; a rapid advance commenced in 1915, and the value of exports reached \$378,729,000 in 1919; of this total, \$221,307,000 or 58.4 per cent was due to price inflation.

EXPORTS OF BACON

Year	Quantity (pounds)	Value at current prices	Value at 1910 prices
1910.....	152,163,107	\$18,381,050	\$18,381,050
1911.....	156,675,310	21,211,605	19,897,764
1912.....	208,574,208	24,907,197	26,488,924
1913.....	200,993,584	25,647,167	25,526,085
1914.....	193,964,252	25,879,056	24,633,460
1915.....	346,718,227	47,326,129	45,033,215
1916.....	579,808,786	78,615,616	73,635,716
1917.....	667,151,972	117,221,668	84,728,300
1918.....	815,294,424	221,473,957	103,542,392
1919.....	1,239,540,973	378,729,046	157,421,704

The exports of lard advanced in quantity from 362,923,000 pounds in 1910 to 725,578,000 pounds in 1919; in value from \$43,300,000 to \$210,418,000; at 1910 price the advance would have been to only \$86,344,000, the difference of \$124,070,000 or 58.9 per cent being due to inflated value.

The rise in the value of exports of manufactures of cotton cloths was from \$19,971,000 in 1910 to \$131,393,000 in 1919; of this amount \$94,894,000 or 72 per cent was due to rise in price, the quantity of exports having increased only from 309,911,000 yards to 570,303,000 yards.

EXPORTS OF MANUFACTURES OF COTTON CLOTH

Year	Amount in yards	Value in dollars	Value at 1910 prices
1910.....	309,911,304	\$19,971,491	\$19,971,491
1911.....	346,590,169	24,387,099	22,179,760
1912.....	476,778,499	31,388,998	30,513,792
1913.....	444,729,241	30,668,234	28,462,656
1914.....	414,860,013	28,844,627	26,551,040
1915.....	396,944,195	28,682,515	25,404,416
1916.....	550,571,720	46,381,390	35,236,544
1917.....	690,193,896	72,608,110	44,172,352
1918.....	684,927,075	103,416,102	43,825,328
1919.....	570,302,799	131,393,116	36,499,328

Exports of boots and shoes showed an increase in amount from 7,357,000 pairs in 1910 to 16,687,000 pairs in 1919, in value from \$12,409,000 to \$50,507,000; at 1910 price per pair the 1919 value would have been \$28,369,000 or 43 per cent less than recorded.

EXPORTS OF BOOTS AND SHOES

Year	Amount in pairs	Value in dollars	Value at 1910 prices
1910.....	7,357,145	\$12,408,575	\$12,408,575
1911.....	8,061,347	13,746,842	13,746,842
1912.....	9,040,343	16,009,002	15,368,510
1913.....	10,304,794	18,196,135	17,517,990
1914.....	9,902,334	17,867,234	16,833,920
1915.....	12,402,727	24,696,795	21,084,590
1916.....	20,558,472	47,224,810	34,949,280
1917.....	15,895,059	33,310,511	27,021,500
1918.....	15,012,220	36,550,063	25,520,740
1919.....	16,687,454	50,506,986	28,368,580

The number of locomotives exported in 1910 was 310; in 1919, 887; the value of exports rose from \$2,405,000 to \$25,366,000; at 1910 price the 1919 value would have been \$6,880,000 or 72 per cent less than that recorded for the year. In the case of illuminating oil, concurrently with a fall from 1,005,028,000 gallons in 1910 to 722,130,000 in 1919, there was a rise in the value of exports from \$62,478,000 to \$80,965,000. A fall in quantity and a rise in value is also to be noted for cottonseed, the exports of which fluctuated during the past decade as follows:

EXPORTS OF COTTONSEED

Year	Amount in pounds	Value in dollars	Value at 1910 prices
1910.....	223,955,002	\$14,798,063	\$14,798,063
1911.....	225,520,944	17,127,369	14,884,320
1912.....	399,470,973	24,089,223	26,365,020
1913.....	315,232,892	20,736,972	20,806,312
1914.....	192,963,079	13,843,179	12,735,558
1915.....	318,366,525	21,872,948	21,012,156
1916.....	266,512,057	22,658,610	17,589,792
1917.....	158,911,767	19,878,325	10,488,126
1918.....	100,799,981	18,309,854	6,652,734
1919.....	178,709,833	36,820,545	11,794,794

The total 1910 export value of thirteen selected manufactured commodities (boots and shoes, steel rails, printing paper, manufactures of cotton cloths, locomotives, automobiles, binder twine, cottonseed, oil cake and oil cake meal, illuminating oil, lubricating and heavy paraffin oil, and fertilizers) was \$191,213,000; the 1919 export value for the same commodities was \$627,624,000. If the prices of these thirteen commodities remained the same as in 1910, the 1919 value would have been \$278,409,000, which

represents an increase of only 46 per cent instead of 228 per cent as it appears in the government value statistics.

In the case of seven crude materials (raw cotton, raw wool, bituminous coal, iron ore, crude mineral oil, crude sulphur, and leaf tobacco), the following results were obtained. The total value of exports rose from \$618,994,000 in 1910 to \$1,142,640,000 in 1919. If the price of these seven products remained the same as in 1910, the 1919 value of the seven exports would have been \$498,695,000, a decline of \$120,299,000 (about 20 per cent) instead of an increase of \$523,646,000, or 85 per cent.

The rise in the value of exports of five foodstuffs, wheat, wheat-flour, bacon, ham, and lard was from \$174,946,000 in 1910 to \$1,486,420,000 in 1919; by applying the 1910 price to the amount of these commodities exported in 1919, one arrives at a value of \$623,077,000, a very considerable increase over the figure for 1910, but \$842,343,000 or 58 per cent short of the value given for 1919.

By combining the twenty-five selected commodities which in 1910 represented about 55 per cent of all exports, one finds that at 1910 prices, the export value of these commodities would have increased from \$985,153,000 in 1910 to \$1,400,181,000 in 1919, instead of to \$3,256,684,000, the official figure for 1919. The latter increase points to a 132 per cent rise in export prices. If one accepts this rise as indicative of the rise in all export prices, one arrives at a total value of 1919 exports as equal \$3,103,975,000 instead of \$7,225,084,000. The increase as compared with the 1914 export value is about 32 per cent, instead of 20.6 per cent.

Unlike the prices for exported articles which rose higher than the general level of wholesale prices in this country, the rise in import prices lagged behind this level.

In the case of the leading foodstuffs (cane sugar, tea, cocoa, coffee, cocoanut oil, cocoanut meat, rice, fresh fish, macaroni and similar products, and cheese), the rise was:

Year	Rise in quantity (pounds)	Rise in value
1910.....	5,516,895,000	\$220,590,000
1914.....	6,785,517,000	273,859,000
1919.....	8,367,712,000	601,479,000

If the price for the ten foodstuffs remained the same as in 1910 the value in 1919 would have been \$349,582,000 or 43.5 per cent less than recorded. For seven crude materials (raw wool, raw cotton, crude copper ore, unmanufactured leaf tobacco, iron ore, bituminous coal, and india rubber), the changes in value were:

1910	\$183,135,000
1919	464,675,000
1919 at 1910 price.....	553,806,000

In the case of eleven manufactures (clothes of wool, manufactures of flax, hemp or ramie, manufactures of spun silk, cotton clothes, manufactures of sawed lumber, printing paper, shingles, cigars and cigarettes, mattings and mats for floor, wool carpets, and potash), the changes in value were:

1910	\$79,583
1919	114,104
1919 at 1910 price.....	72,798

By combining the twenty-eight selected commodities, one arrives at the following results: the rise in value was from \$493,308,000 to \$1,180,250,000 instead of to \$976,186,000 had the prices remained as in 1910; this points to 21 per cent price inflation. If one applies this figure to total imports one arrives at an increase in imports from \$1,556,947,450 in 1910 and \$1,893,925,000 in 1914 to \$2,567,986,000 in 1919.

Considered by groups our imports show the following fluctuations. The value of imported crude materials grew from \$276,241,000 in 1900 (32.50 per cent of the total) to \$566,271,000 in 1910 (36.37 per cent). During the next four years the advance was very slow, the imports rising to \$634,055,000 in 1914 (33 per cent of the total). Due to war conditions the import value of crude materials doubled between 1914 and 1919, the figure for the latter year being \$1,250,715,000 or 40 per cent of the total. The increase in the case of most commodities comprising the group was much greater in value than in quantity, many articles, notably hides and skins, fibres, tin, and chemicals, showing an actual decline in the volume of imports. Foodstuffs (crude as well as partly or wholly manufactured) rose from \$227,943,000 in 1900 to \$326,343,000 in 1910; this represented relatively a decline from 27.17 to 20.66 per cent of the total; the imports increased to \$475,071,000 in 1914 (25 per cent of the total) and to \$832,469,000 in 1919 (26 per cent). Manufactures for further use in manufacturing advanced from \$134,222,000 in 1900

to \$285,138,000 in 1910, and from 15.79 per cent to 18.31 per cent of the total import trade. The advance during the following decade was to \$319,715,000 in 1914 (16 per cent of the total) and to \$605,826,000 in 1919 (19 per cent). The value of the imports of manufactures ready for consumption increased from \$203,126,000 in 1900 to \$367,723,000 in 1910, representing 23.9 per cent of the total in 1900 and 23.6 per cent in 1910. The subsequent increase was to \$448,313,000 in 1914, which gave to the group about the same position as in 1910 (23.72 per cent of the total imports). With a discontinuance of most of the imports from Europe came a marked decline, finished manufactures dropping to \$393,195,000 in 1919 or to 12 per cent of the total.

Turning to some individual imports, one finds that there was a decline both in the quantity and in the value of raw wool imported in 1911, 1912, and 1913, the amount of imports having dropped from 111,593,000 pounds in 1910 to 67,239,000 pounds in 1913; after 1913 the imports of wool advanced rapidly rising to 403,122,000 pounds in 1916; in 1919, 327,945,000 pounds were imported valued at \$182,532,000; the value would have been \$80,018,580 or 56 per cent less than recorded, if prices had remained the same as in 1910.

IMPORTS OF UNMANUFACTURED WOOL

Year	Quantity (pounds)	Value at current prices	Value at 1910 prices
1910.....	111,592,978	\$27,231,052	\$27,231,052
1911.....	40,104,845	19,044,321	9,785,620
1912.....	71,203,329	15,106,193	17,373,532
1913.....	67,238,715	15,422,920	16,406,316
1914.....	118,033,097	28,922,605	28,800,052
1915.....	222,017,420	52,008,509	54,172,148
1916.....	403,121,585	112,145,657	98,764,890
1917.....	279,481,501	101,502,941	68,473,090
1918.....	303,868,940	165,026,343	74,144,036
1919.....	327,944,568	182,532,037	80,018,580

The imports of raw cotton rose steadily from 1910 to 1916, the quantity of imports having grown from 86,038,000 pounds in 1910 to 232,801,000 in 1916, the value during the same period from \$15,816,000 to \$40,150,000; a considerable decline has occurred in the past three years in the quantity of cotton imported, but this decline produced little effect upon the import value of this commodity; concurrently with a drop of imports from 232,801,000 pounds in 1916 to 103,592,000 pounds in 1919, there was

a decrease in value from \$40,150,000 to \$37,634,000; 52.2 per cent of the 1919 total being due to rise in prices.

IMPORTS OF UNMANUFACTURED COTTON

Year	Quantity (pounds)	Value at current prices	Value at 1910 prices
1910.....	86,037,691	\$15,816,138	\$15,816,138
1911.....	113,768,313	24,776,320	20,592,008
1912.....	109,780,071	20,217,581	19,870,180
1913.....	121,852,016	22,987,318	22,055,212
1914.....	123,346,899	19,456,588	22,325,807
1915.....	185,204,579	23,208,960	33,520,500
1916.....	232,801,062	40,150,342	42,136,981
1917.....	147,961,635	40,429,526	26,618,222
1918.....	103,325,647	36,020,483	18,702,006
1919.....	103,592,194	37,633,612	18,750,152

The quantity and the value of coffee imports fluctuated from 1910 to 1919 as follows:

Year	Quantity (pounds)	Value at current prices	Value at 1910 prices
1910.....	871,469,516	\$69,194,353	\$69,194,353
1911.....	875,366,797	90,567,788	69,416,587
1912.....	885,201,247	117,826,543	70,196,459
1913.....	863,130,757	118,963,209	68,213,224
1914.....	1,001,528,317	110,725,392	79,421,196
1915.....	1,118,690,524	106,765,644	88,712,159
1916.....	1,201,104,485	115,485,970	95,247,586
1917.....	1,319,870,802	133,184,000	93,618,436
1918.....	1,143,890,889	103,058,536	90,710,547
1919.....	1,046,029,274	143,089,619	82,950,141

A decline in the imports from 871,470,000 pounds in 1910 to 863,131,000 in 1913 was accompanied by a rise in the total value from \$69,194,000 to \$118,963,000. The imports went up to a little over one billion pounds in 1914 and to 1,319,870,000 pounds in 1917. A decline in imports to 1,046,029,000 pounds in 1919 was accompanied by a rise in import value from \$133,184,000 in 1917 to \$143,089,000 in 1919; 42.02 per cent of the latter sum was due to a rise in prices.

A striking exception to the other commodities is furnished by india rubber, the quantity of imports of which rose from 101,044,681 pounds in 1910 to 402,471,531 pounds in 1919; due to the fall in price, the rise in value was from \$101,078,825 to \$157,928,132, or \$244,543,399 less than it would have been had the price remained the same as in 1910.

When the war broke out predictions were made that the United States would become the commercial center of the world because of Germany's isolation and of England's inability to fight and to trade at the same time. However, during the first three years of the conflict England continued to supply most of the foreign markets and to obtain from them raw materials and foodstuffs. It is true that during the last year of the conflict she had to abandon her policy of keeping up foreign business "as usual," but the abandonment of British control over the machinery of international commerce was far from complete and it was of comparatively short duration. The war broke up temporarily the streams of shipping to the British shores; but it did not lead to the closing of British banking and mercantile establishments which exist in almost every important commercial center of the world; it did not take away from England her control over the coaling stations or her naval and merchant marine supremacy; and, what is most important, it did not destroy the British merchants' trained judgment of market conditions and of quality of merchandise, their willingness to take risks, and their long established business connections.

There was a slow but gradual increase in the reëxport trade of the United States for some time previous to the war, the reëxports having grown from \$24,655,511 in 1909 to \$34,895,123 in 1914. Since the war the growth has been much more rapid, the totals being as follows:

1915.....	\$52,410,875
1916.....	61,305,306
1917.....	62,884,344
1918.....	81,059,314
1919.....	151,336,805

It is hardly necessary to emphasize the fact that these figures represent increases not in quantities but in values.

The figures do not include transit shipment through the United States on through bills of lading, or the exports of those foreign raw materials and semi-manufactured goods which are reëxported after they have undergone some process of manufacture in this country; the first do not enter into our statistics of imports and exports at all, and the second are counted as "domestic merchandise."

It is difficult to foretell what the future reëxport trade of the United States is likely to be. It is certain, however, that we shall not be able to become a serious rival of England unless more is

done in this country in order to build up a coördinated banking, warehousing, trading, and speculating center, a center to which both buyers and sellers would be attracted because it would offer to them the advantages of a continuous market. It was the existence of such a continuous market in London, in Hamburg, and in some of the other European seaports which permitted them before the war to maintain their reëxport trade; and unless the signs are deceptive, London is going to regain rapidly its former position as the greatest merchandising center in the world. However, American importers and exporters are not likely to do as much indirect trading as they did before. One of the important changes brought about by the war was our establishment of direct connections with many markets of China, Japan, India, South Africa, South America, and Australia. Rubber, wool, tin, etc., which used to come to us via Europe, come now directly across the Pacific; they land at Seattle, San Francisco, and other Pacific ports, or they pass through the Panama Canal or around Cape Horn and are unloaded in New York or some other Atlantic harbor. Two illustrations will suffice to show the recent development:

Rubber Imports			Tin Imports	
Calendar year	Total (pounds)	From England (pounds)	Total (pounds)	From England (pounds)
1914....	143,065,161	50,944,516	95,049,612	50,791,856
1915....	221,481,921	87,244,979	115,636,332	40,335,677
1916....	270,090,205	58,157,721	138,073,293	41,368,711
1917....	405,638,278	71,466,784	143,636,782	39,679,628
1918....	325,959,308	6,627,165	142,507,393	18,076,055
1919....	535,940,421	60,251,894	89,698,391	21,244,214

As may be seen by comparing the figures for 1918 and 1919, Great Britain is striving to reëstablish herself as an intermediary. That she is meeting with at least a partial success may be inferred from a study of our foreign trade by customs districts. The imports rose in the Pacific Coast district from \$138,149,000 in 1914 to \$617,099,000 in 1918, but a marked drop from this high level occurred in 1919, the value of imports having declined to \$493,147,000; in 1918, 20.95 per cent of our imports came via the Pacific Coast; in 1919, only 15.92 per cent.

It is not intended to discuss in this paper the problems which have arisen because of the fact that the United States has changed

from a debtor to a creditor nation.⁷ While one may not agree with those who say that the greatest single reconstruction which this country faces is the reconstruction of its foreign trade, one must admit that great changes in the relationship between our exports and imports, in the nature of goods moved, and in the direction of our commerce, are certain to take place when Europe gets back to its normal industrial life. To what extent the commerce of the past few years was largely war commerce may be seen from the table showing the growth in the exports of six groups of commodities which may be considered as representing largely supplies for the armies or machinery and products required for the purpose of making such supplies:

EXPORTS (000 omitted)

Commodity	1910	1914	1916	1917	1918	1919
Explosives	\$5,352	\$6,272	\$467,081	\$802,789	\$373,890	\$122,731
Copper and manufactures of	88,004	146,223	173,946	322,555	268,982	144,350
Iron and steel and manufactures of	179,133	251,480	624,092	1,133,746	1,124,999	1,064,974
Brass and manufactures of	4,355	7,472	164,876	383,327	61,443	21,149
Leather and manufactures of	52,647	57,566	146,704	153,710	100,880	182,909
Chemicals, drugs, dyes & medicals	18,106	21,924	119,938	181,028	170,227	150,225
Total	\$347,597	\$490,937	\$1,696,637	\$2,977,135	\$2,102,421	\$1,686,338

But war conditions played also an important rôle in stimulating the exports not only of these but also of many articles which ordinarily represent peace commerce and certain amounts of which would have been shipped from here to Europe in the regular course of events. The value of the exports of wheat, wheat flour, rye, oats, barley, bacon, ham, lard, canned and fresh beef, condensed and evaporated milk, and refined sugar, most of which went to Europe, rose as follows:

1910.....	\$194,791,000	1917.....	\$886,298,000
1914.....	261,451,000	1918.....	1,109,364,000
1916.....	684,477,000	1919.....	1,952,342,000

Thus exports of war material and essential foodstuffs went up from \$542,388,000 in 1910 to \$752,388,000 in 1914; \$2,381,114 in 1916; \$3,863,433,000 in 1917; \$3,211,785,000 in 1918; and \$3,638,670,000 in 1919. The cessation of the war was marked by a drop in the exports of the first group and a considerable rise in the exports of the second group.

⁷ A clear, well documented exposé of the past, present, and probable future balance of trade of the United States is given in *The Review of Economic Statistics* for July, 1919.

The direction of our exports and imports before and after the outbreak of hostilities in Europe, shows as clearly as the character of the commodities moved the influence of the war upon our commerce during the past six years.⁸ The changes from 1910 to 1914 and from 1914 to 1919 were as follows:

Country	1910	1914	1918
Exports to:			
Europe	\$1,135,915,000	\$1,486,499,000	\$4,634,817,000
North America	385,520,000	528,645,000	1,291,932,000
South America	93,247,000	124,540,000	400,902,000
Asia	60,862,000	113,426,000	603,925,000
Oceania	50,890,000	83,568,000	208,351,000
Africa	18,551,000	27,902,000	85,157,000
Imports from:			
Europe	\$806,270,000	\$895,603,000	\$372,954,000
North America	306,767,000	427,399,000	1,052,570,000
South America	196,165,000	222,677,000	568,375,000
Asia	193,155,000	286,952,000	830,904,000
Oceania	37,100,000	42,144,000	190,008,000
Africa	17,490,000	19,149,000	81,066,000

Those who have been viewing our recent foreign commerce not as a pathological case, but as a normal conquest of markets, a healthy, though somewhat accelerated development, may well consult the statistics of our production during the past few years. They will learn that in 1918 when war demands were at their highest and we were doing our utmost to meet these demands, our production was only 13 per cent in excess of that in 1913. In 1919 when war requirements ceased to be a factor our output of commodities declined from that of the previous year; the production in 1919 was only 8 per cent greater than in 1913. Such an increase cannot be considered as a real growth, especially in view of the fact that during the same period the amount of money in circulation in our country rose from \$3,390,000,000 to \$5,709,000,000 or 68 per cent and the amount of bank deposits from \$12,678,000,000 to \$25,731,000,000 or 103 per cent. It is clear that increased exports from the United States were not the result of a fuller, a more intelligent, utilization of our resources and our capacities, that these increased exports were not representing a real surplus which we were sending to foreign buyers in exchange for their products and services.

⁸ For a comprehensive list of graphs and tables illustrating the shift in the direction of our commerce from 1912 to 1918 see *The Annals of the American Academy for Political and Social Science*, May, 1919, pp. 106-114.

In the past five years the excess of our exports over imports was \$13,963,976,000. This astonishingly large "favorable" balance of trade was the result of an artificial violent cause. It was largely due to the urgent demands of people who were frantically seeking goods and were willing to pay any price for them. The unparalleled exports from this country to war and famine stricken Europe, exports financed not by means of mercantile credits but by long-term loans advanced by our government, represent a phenomenon of a purely transitory nature. As to the markets outside of Europe, they will belong to those who can produce most efficiently and who by means of effective systematic efforts will be able to create a desire for their goods.

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